



**AARP Statement  
Before the  
State Pharmaceutical Assistance Transition Commission  
July 7, 2004  
Presented by Illinois State AARP President Evelyn Gooden**

On behalf of AARP's more than 35 million members, we would like to thank you for the opportunity to address this important Commission. Many states have taken the lead in helping people afford prescription drugs through a wide variety of state pharmaceutical assistance programs (SPAPs). AARP has played an active role in promoting many SPAPs. We will continue to work to support and strengthen SPAPs because they help fill gaps in the new Medicare drug benefit.

These gaps in the new Medicare drug benefit make it is essential that this Commission succeed in its charge to "protect... the interests of program participants in a manner that is the least disruptive" to these participants.

The MMA legislation rightly specifies that there must be a "single point of contact for enrollment and processing of benefits." We believe that the coordination between SPAPs and Medicare drug plans must be as seamless as possible in every way. To achieve this, there should be clearly defined responsibilities for how SPAPs and Medicare drug plans coordinate with each other so that there is no disruption to or burden on beneficiaries. Ideally, it would be invisible so individual beneficiaries would not be burdened in any way with responsibility for tracking which program's rules or payments apply for any given purchase.

In addition, coordination should include ensuring that SPAP enrollees get the best price available to them either through the SPAP or the part D plan. This will help ensure maximum savings to both beneficiaries and taxpayers.

Several additional factors also need to be addressed:

- SPAPs generally provide benefits equitably with eligibility based solely on income criteria. The Medicare drug program in its current form subjects enrollees to an asset test that penalizes lower-income individuals who have managed to save for retirement but who still need assistance paying for medications. AARP will be working hard to eliminate this asset test. However, until it is repealed, there must be smooth mechanisms in place for coordinating equitably provided SPAP benefits with the new Medicare coverage, and applying the asset test in the least burdensome manner.
- The MMA clearly states that SPAP spending may be counted toward the annual out-of-pocket threshold; it does not in any way suggest that this would not apply to waiver-based SPAPs. There should therefore be no distinction between waiver-based and other SPAPs' spending toward individual enrollees' out-of-pocket threshold for the catastrophic coverage cap. Inflicting such a distinction would be unfair, complicated, and burdensome to both states and individual enrollees.
- SPAPs vary widely in how they work and who they cover. Requirements for coordination between SPAPs and Medicare drug plans must provide for this variation and not attempt to restrict SPAPs in any way that might create incentives to reduce or eliminate coverage.

While many SPAPs were enacted as a bridge to a full Medicare drug benefit, the new Medicare drug benefit itself is only a beginning. More work remains for it to be the comprehensive program that Medicare beneficiaries need and deserve. This Commissions work is critical for helping SPAPs to continue serving as bridges until that essential goal is met.